Developing Sport and Empowering Communities

BC Games Society
2003-2004 Annual Report

BC GAMES
The Spirit Lives On

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FUNDING AND CORPORATE PARTNERS

BRITISH COLUMBIA
Ministry of Small Business and Economic Development

AIR CANADA Jazz
Global
Quality Foods

Photo Credits: Miles Arsenault, Smiles Photography
ISSN 1709-089X
Data source: BC Games Society

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Mandate and Membership of the Board

The BC Games Society was established in 1977 by the provincial government to promote community and sport development across BC. Responsible for the policy of the society is a fifteen member community based Board of Directors appointed by Ministerial letter. The Director's activities and responsibilities are governed by British Columbia's Guidelines for Conduct of Government Appointees to BC Agencies, Boards and Commissions.

BOARD MEMBERS

Joan Hess, Co-Chair, West Vancouver
Tony Fiala, Co-Chair, Williams Lake
Donna Dowsett, BC Disability Sports and Chair Sport Committee, North Vancouver
Gary Young, Chair Marketing/Communications Committee, North Vancouver
Marni Abbott, Sport, Vancouver
Rod Cox, Chair Finance Committee and Marketing/Communications, Terrace
Bob Irwin, Northern BC Winter Games Society and Sport, Kitimat
George Kawaguchi, Sport, Burnaby
Graham McKay, Provincial Government and Finance, Victoria
Sharon White, Provincial Government and Marketing/Communications, Victoria
Jennifer Williams, Sport, Duncan
Kimberley White Gilhooly, Marketing/Communications, Vernon
Elsa McIntee, BC Seniors Games Society, Richmond
Bruce Johnson, Finance, Penticton
Wendy Ladner Beaudry, Sport, Vancouver
John Furlong, Past Co-Chair, Vancouver
Marion Lay, Past Co-Chair, Vancouver
Ron Austen, Past Co-Chair, Duncan

ACCOUNTABILITY STATEMENT

The 2003 – 2004 BC Games Society Annual Report was prepared under our direction in accordance with the Budget Transparency and Accountability Act. We are accountable for the contents of the report, including the selection of performance measures and the reported results. All significant decisions, events and identified risks, as of March 31, 2004, have been considered in the preparation of this report.

Joan Hess Co-Chair	Tony Fiala Co-Chair	Kelly Mann President and CEO

MESSAGE FROM CO-CHAIRS AND PRESIDENT AND CEO

A Gold Medal Year

Joan Hess
Co-chair

Tony Fiala
Co-chair

Kelly Mann
President and CEO

It was a gold medal year for sport in the Province of British Columbia with the awarding of the 2010 Olympic and Paralympic Winter Games on July 2, 2003. The sport system in BC has now seized this opportunity to offer a renewed and streamlined system to its athletes and organizations; work that began years in advance of 2003 as we collectively looked for ways to plan more efficiently, form strategic alliances, and remove barriers to better performances by our sport groups.

Having already made significant changes to the policies governing sport inclusion at the BC Winter and BC Summer Games, 2003 / 2004 allowed us to reap the benefits of that evolution. A transition that saw the best young winter sport athletes attend the Port Alberni 2004 BC Winter Games, some of whom will be on the world stage when the Vancouver 2010 Olympic and Paralympic Winter Games begin. While sports brought their best young stars to Port Alberni, the media also attended, searching the rinks and the hills for a 2010 candidate. Never before has the BC Winter Games received front-page coverage in the Vancouver Sun or experienced the depth of coverage as provided by the Vancouver Province and Victoria Times-Colonist. The BC Games News Service provided over thirty feature stories on hometown athletes and coaches to print media all over the province. Our corporate partner, Global Television and their sister station CH TV in Victoria, again went far beyond their mandate to bring quality coverage to the viewers of the province; coverage which solidified our place as a model for sport development and community empowerment.

This exposure and the realization that the BC Winter and BC Summer Games are now about young developing athletes are we why are under the watchful eye of corporations looking to make an investment in sport and community. Initial discussions have been followed by targeted proposals and we are optimistic that new partners will join the ranks of Quality Foods, Air Canada Jazz, and Global Television – BC.

Rallying 3212 volunteers during the two-year run-up to their successful Games, the City of Port Alberni once again proved why they are a community with a positive attitude. The BC Winter Games in February were the fourth BC Games to have been hosted by this community and a large percentage of volunteers had at least one previous BC Games experience. It is the positive experiences of the BC Games that have helped establish our reputation as an organization that builds communities and is a leader in sport development opportunities.

Our work with the Partner Games Boards and their respective Host Communities continues to provide benefits to athletes with a disability, senior competitors and sport in northern BC communities. Recognizing the need to further determine our respective roles has meant less confusion in Host Communities as the line between policy and operations is much more defined and respected.

As the new look for sport in the province unfolds over the coming months, the BC Games Society will take forward its solid position and embrace new opportunities. It will be the opportunities we earn and those we determine ourselves that will make next year another gold medal year.

Mission

The BC Games Society, through partnerships, is committed to excellence in event management leadership which achieves sport, individual and community development.

VISION

Visions of how we will operate as a Board and Staff partnership:

- Entrepreneurial approaches and positive public/private partnerships are evident in how we operate.
- The economic and social benefits to communities in hosting the Games produce quality bids from a variety of communities.
- BC athletes, coaches, and officials in national and international competition will benefit from the experience of a BC Games.
- Mutual accountability and transparency in all our partnerships is a standard method of operation.
- Elected officials value and support the Games.
- The Games are a vehicle for a community development "living legacy" in such things as better-trained coaches, new sport clubs, facility improvements, community pride and spirit, and skilled event management volunteers in each host community.
- Participants remember the Games as a best ever multi-sport experience.
- BC Games Society Board represents a model in leadership and governance.
- The Society will successfully deliver programs, in addition to the BC Games, that help it achieve its mission.
- Progressive management practices and personnel policies reflect a fair and equitable work environment indicative of a healthy workplace and organization.

VALUES

Values that underpin how we interact in our relationships:

- Appreciation and understanding of all partners' perspectives is actively sought.
- We have an organizational climate of mutual trust and support between the Board and Staff where roles and responsibilities are clarified and policies followed.
- Quality and service driven approaches continually redefine and determine the most efficient and effective method of delivering event management services and programs.
- Commitment to broad social issues affecting all British Columbians including health and wellness, personal and community development, equity, access and inclusiveness is demonstrated.
- The organizational culture honours both the individual and the contribution of the team.
- Partnerships and collaboration are the foundation to our working relationships.
- Investment in our human resources is critical to our long-term success and we strive to offer personal/professional development opportunities to Board, Staff and Volunteers.

Key Assumptions

FORECAST RISKS AND SENSITIVITIES

During the period covered by this Annual Report, the BC Games Society planned for / funded/ staged:

- Kelowna 2003 BC Disability Games
- Chilliwack 2003 BC Seniors Games
- Kitimat 2004 Northern BC Winter Games
- Port Alberni 2004 BC Winter Games
- Abbotsford 2004 BC Summer Games
- Penticton 2004 BC Seniors Games
- Dawson Creek 2005 Northern BC Winter Games
- Nanaimo 2005 BC Disability Games
- Cowichan Valley 2005 BC Seniors Games
- Greater Trail 2006 BC Winter Games
- Kamloops 2006 BC Summer Games

The BC Games Society has received confirmation of funding through its current Service Plan.

Alignment with Government's Strategic Plan

THE BC GAMES SOCIETY SUPPORTS TWO OF THE GOVERNMENT'S PRIMARY STRATEGIC PLANS

- Provide for a supportive social infrastructure
- Safe and healthy communities

INCENTIVE FOR EXCEPTIONAL COMMUNITY RESOURCEFULNESS

- Typical host communities more than double the financial investment from the province via the society, not including the value of the volunteer effort.

INCENTIVE FOR VOLUNTEER COMMITMENT

- Two main stakeholder groups, the host community, and the provincial sport community are key producers of the BC Summer and BC Winter Games. Each BC Games are organized by 3000+ local volunteers led by a board of leading citizens, nominated by their mayor. 500+ sport volunteers prepare and accompany the athletes to the BC Summer and BC Winter Games.

PLATFORM TO PROMOTE THE 2010 OLYMPIC AND PARALYMPIC GAMES AND THE PROVINCIAL HOSTING STRATEGY

- The BC Games offer the single best opportunity to publicly demonstrate the enormous opportunities of hosing the 2010 Games to a provincial audience representing all regions. The BC Games are an opportunity to promote sport as an economic engine for the entire province.
- The zone team structure of the BC Summer and BC Winter Games ensures that all regions of the province are fully represented at the Games. Regional media cover the zone teams.

INCENTIVE FOR ACHIEVEMENT AND A LIFETIME OF FITNESS

- The BC Summer and BC Winter Games are a youth athlete development event. There is a significant incentive for sports to recruit and prepare youngsters to higher levels of competition and a lifetime of healthy involvement in sport.
- After the BC Summer and BC Winter Games, the best athletes will then move on to junior provincial teams and receive services through the PacificSport Group network of sport centres and the Aboriginal Sport and Recreation Association, and the rest will be equipped for a lifetime of healthy sport involvement.

ADDRESSING GOVERNMENTS OBJECTIVES

- Government investment is more than matched by host communities, and corporate and funding partners
- Increased promotion using low-cost media relations, and media partners
- Maximizing resources through bids for contracts and private sector partner contributions (e.g. Air Canada Jazz and Global TV)
- Increased incentives for provincial sport organizations to recruit and prepare athletes
- High level of satisfaction among BC sport partners and collaborators

BC GAMES ARE PART OF THE PROVINCIAL LONG TERM ATHLETE DEVELOPMENT MODEL

"Showcasing the sport of Bobsleigh at the 2004 BC Winter Games was invaluable to the sport in the province. By simulating the bobsleigh run through the Street Sprints competition, we had the chance to scout BC's current talented athletes who could go forward to Bobsleigh Canada's teams preparing for podium performances in 2006 and 2010. We had the chance to light the fire inside many athletes who could, one day, be competing for Canada at the Vancouver 2010 Olympic Games."

Todd Allison, General Manager, TELUS Whistler Sport Centre

The announcement of victory on July 2nd has provided the provincial sport system a monumental opportunity. The Board of the BC Games Society is committed to support the Organizing Committee while providing opportunity for Winter Olympic and Paralympic sports.

Tying the BC Winter Games to Vancouver 2010...

- In excess of 270,000 impressions through website links
- The BC Winter Games included "Street Sprints," a simulated bobsleigh push-start event, to identify and test talented athletes looking towards Vancouver 2010.
- Future opportunities to include para-curling, snowboarding and modified ski jump events in BC Winter Games

The 2004 BC Olympic Youth Leadership Academy took place in conjunction with the Port Alberni 2004 BC Winter Games. Graduates of the Olympic Youth Leadership Academy have taken the message of Olympism back to their schools and to their peers. Teryn Buna, alumnae of the 2001 Academy, was one of two youth delegates selected by the Canadian Olympic Committee to represent Canada at the Athens 2004 Olympic Youth Camp in August 2004.

Michelle Stephenson, BC OYLA participant and Simon Whitfield, Olympic Gold Medalist

"The Olympic Youth Leadership Academy was an enriching experience and I'm sure I will always remember it. I met so many interesting people and I still keep in touch with some of them. The activities were very well organized and well thought out. They incorporated leadership and teamwork skills in every single one. It was a big bonus having the Academy during the BC Winter Games in Port Alberni. It was a great weekend."

Michelle Stephenson, Olympic Youth Leadership Academy Participant

The provincial media see the BC Winter Games as an important and positive story

- News of the BC Games reaches the province through print, radio and Television
- The BC Games and host community web sites measure hundreds of hits for information on qualifying and results

The 2004 BC Winter Games received unprecedented coverage solidifying the BC Games as an important part of promoting sport, physical activity and volunteerism benefiting the health and well being of communities across BC.

Leaning into their bid for a gold medal

Vancouver Sun, Saturday February 28th, 2004 featured a front cover photo of Jordan Luck of Fort St. James competing in Speed Skating at the BC Winter Games.

"Sport is a way we should view our society"

Rick Hansen, Man in Motion at the Opening Ceremony of the 2004 BC Winter Games.

The coverage received in the Vancouver Sun on Saturday, February 28 was 3000 column inches and had an estimated value of $45,000.

Global TV aired a two-week campaign of professionally produced vignettes featuring athletes from the Port Alberni Games. Viewership across BC is estimated to be 57,000 at any given minute and 120,000 in prime time.

CHTV on Vancouver Island produced 5 Athlete Profiles and a 30 minute BC Games highlights show aired the week after the Port Alberni BC Winter Games.

Access to information and results through the BC Games web site www.bcgames.org recorded 11,000 hits during the 4 days of the Games.

- Increase the level of non-governmental support and maintain corporate partners to benefit the BC Games financial sustainability
- Financial and value in-kind support to the BC Games, as well as prudent fiscal management provides lasting legacies to the host community

- Corporate Partners received extensive visibility and exposure, cross-promotional opportunities and a return on investment .
- Entrepreneurial activities bring additional revenue to allow the Society to continue its tradition of a balanced budget
- Cash and in-kind funding by host community government and local business equals projected targets.

notes Jazz

BC Winter Games fly high with Jazz

Air Canada Jazz Charters

Jazz notes publication featuring BC Games was on every Jazz aircraft in February and March.

Since the awarding of the 2010 Olympic and Paralympic Games to Vancouver, sport is now being seen as a valuable investment by business and corporations. While not realizing our objective of additional corporate dollars into the society, we are confident that in the next year we will bring two new partners to the BC Games family.

Corporate and Funding Partner signage

Despite the uncertainty within the airline industry, Air Canada Jazz has re-signed its corporate partnership agreement with the BC Games Society in the amount of $105,000. Air Canada Jazz received charter aircraft revenue transporting participants to the 2004 BC Winter Games.

Global TV promoted the BC Winter Games through professionally produced vignettes and live broadcasts from the BC Winter Games.

Quality Foods, an Island based company, was a corporate partner for the 2004 BC Winter Games providing food for 20,500 meals throughout the Games.

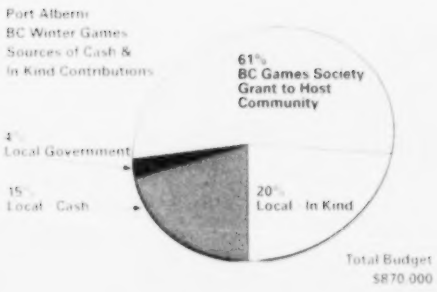
"Doing what we can to build a strong community is important to us. Investing in these very communities are some of the best decisions we can make as business people. "

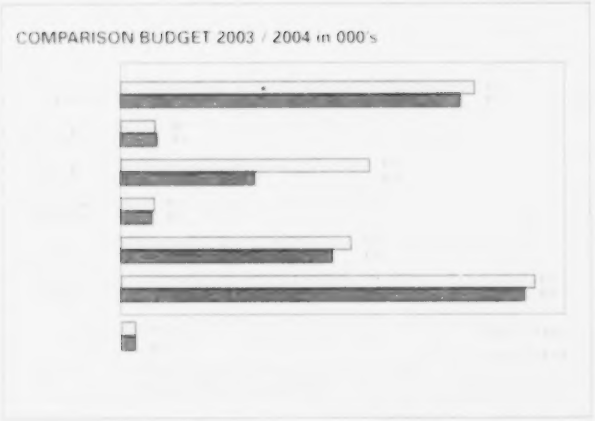
Ken Schley, Director of Operations, Quality Foods

In keeping with the vision of the BC Games Society, entrepreneurial approaches provide additional revenue sources that support programs and operations.

2002 Total - Self Generated Revenue
Generation of Total Revenue of $243,000
Interest $58,000
Athlete Fees $72,000
Contracted Revenue $46,000
Nanaimo Legacy Return $60,000

The BC Winter Games are a magnet for community investment with close to half a million dollars being raised in support of athletes and sport.





BC Games as an Investment

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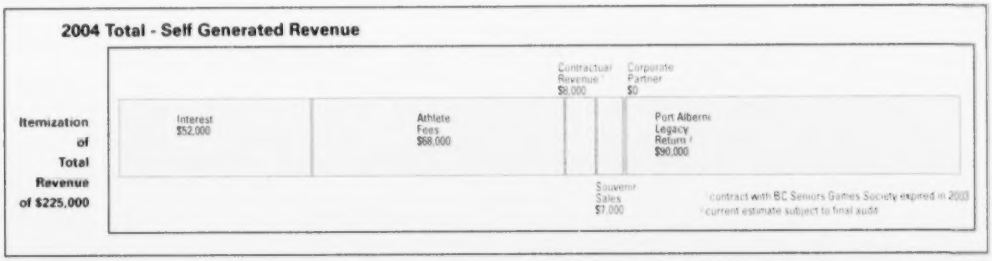
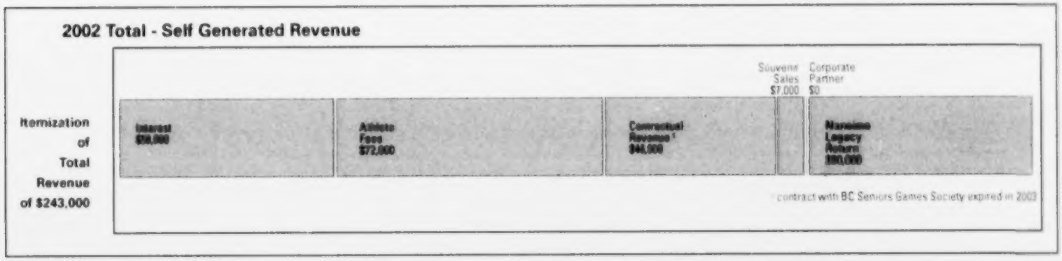

2004 Total - Self Generated Revenue
Itemization of Total Revenue of $225,000
Interest $52,000
Athlete Fees $68,000
Contractual Revenue [1] $8,000
Corporate Partner $0
Port Alberni Legacy Return [2] $90,000
Souvenir Sales $7,000
[1] contract with BC Seniors Games Society expired in 2003
[2] current estimate subject to final audit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Corporate Partner $0
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Return on Investment

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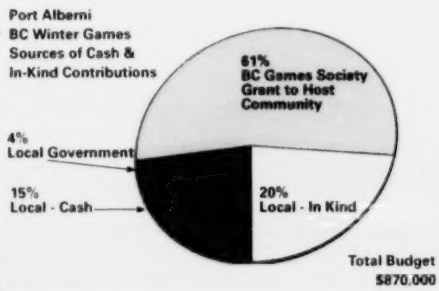
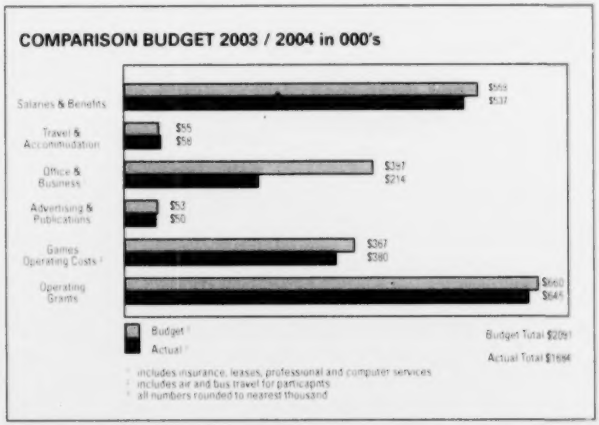

Port Alberni BC Winter Games Sources of Cash & In-Kind Contributions
61% BC Games Society Grant to Host Community
4% Local Government
15% Local - Cash
20% Local - In Kind
Total Budget $870,000



B.C. Games get serious for sake of athletes

GARY MASON

COLUMNIST

Provincial winter event used to cater more to just having fun. Now it's real competition

PORT ALBERNI

There was a time, not that long ago, that the B.C. Winter Games being held here this weekend would have been different. Much different. They would have been aimed at another kind of athlete. Aimed at another kind of result, too.

Whereas once the Games' motto could have been *Come One, Come All*, now it might be *A Stage for Our Best*.

"There is no question the Games have evolved in recent years," says Kelly Mann, president and chief executive officer of the B.C. Games Society. "We've moved away from a Games that was more just about having fun, that was all-inclusive in terms of the people participating, to a model that is designed for the top athlete in mind.

"Now the people we have here are athletes who are on the path or continuum towards either a multi-sports Games, provincial championship or events at the national level. These are our best young athletes, some of whom will take the next step and compete at the Western Canada Games, the Canada Games, those sorts of things."

And with the Winter Olympics coming to Vancouver-Whistler in 2010 the decision to use our provincial Games as a vehicle to develop future Olympians couldn't have come at a better time.

The switch to a more elite-level competition was actually made under the former NDP government and its sports minister Robin Blencoe in the late 1990s. It was Blencoe's belief that for the amount of money the government was pouring into the event — more than $925,000 for these Games — it need-

To provide an opportunity for development of athletes, coaches and officials in preparation for higher levels of competition in a multi-sport event, which promotes interest and participation in sport, sporting activities, individual achievement and community development

- Partnerships and buy in by the Provincial Sport Organizations that the BC Games serve their developing athletes, coaches, and officials
- A reduction in ages of athletes from past BC Games to under 18
- Sports are representative of the eight zones of the province
- Athletes, coaches, and officials go on to provincial, national, and international competitions

BC Games get serious for sake of athletes

"It is not just the athletes that these Games are developing, but the staff around the athletes, from coaches to referees. They, too, are benefiting from the move to an elite-level model and are now more qualified than ever before – because they have to be in order to take part."

Excerpt from Gary Mason, Vancouver Sun Sports Columnist, February, 28, 2004

February 2004 saw Port Alberni host their fourth BC Games. This was the first time any city in the province has hosted four different Games. With close to one-third of their volunteer base having given their time at a previous BC Games, their collective experience made for a best ever BC Winter Games.

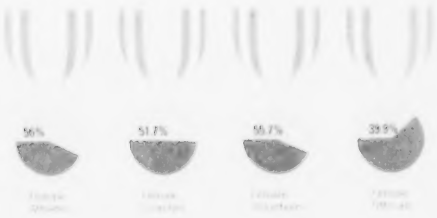
Port Alberni hosted 2037 participants, which included 1461 athletes, 358 coaches, and 218 officials involved in 24 sport events. All sports brought their best young athletes, a 25% increase over the 2002 BC Winter Games.

"During the 2004 BC Winter Games in Port Alberni, we saw the community come together, as a team, to make the Games a success. The energy generated within our community was very electric, and will leave a lasting human legacy for years to come. Additionally, the economic benefits and media exposure were extremely positive."

Dewayne Parfitt, President, Port Alberni 2004 BC Winter Games

Scouts raise ante at the Games

Female participation at the Port Alberni 2004 BC Winter Games exceeded the benchmarks established by proMOTION plus, an organization dedicated to girls and women in physical activity and sport. The development of female officials is increasing steadily.



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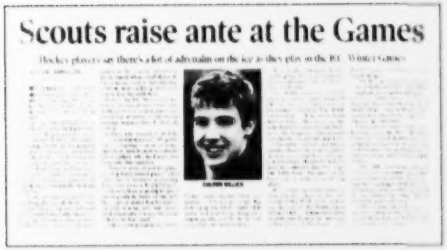
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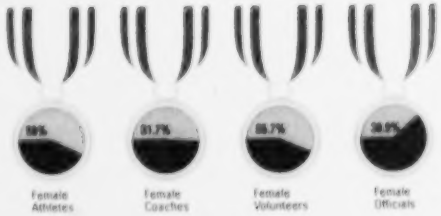


Coaches and Officials

OBJECTIVE

The BC Games are a place to serve the growth and development of Coaches and Officials

PERFORMANCE MEASURES

- Certification of coaches moves towards full Level 2 and officials receive assessment and guidance during the BC Games

At the 2004 BC Winter Games,
5 out of 20 sports,
achieved our mark of
full NCCP Level 1 and Level 2 theory.

The development of officials is key to the continued success of sport in British Columbia. The BC Games is a venue for officials to learn and experience competition in a multi-sport setting. Leading the way in officials development are sports that are using the opportunity to bring younger officials to participate in practical training and education sessions. Senior officials become mentors to provide a wealth of knowledge to young officials and ensure that there is continued development.

"Having junior officials presiding over junior events works. The officials took their jobs seriously and worked with admirable attitude, good humor and willingness."

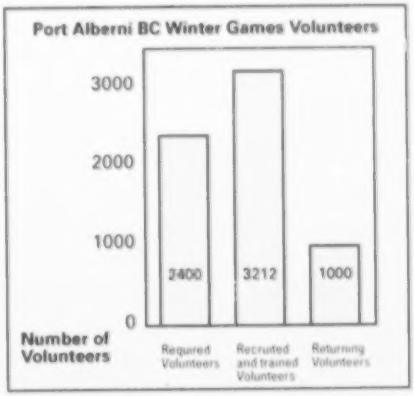
James Johnson, Executive Director, Karate BC

Ensure the thousands of volunteers, who are the basis of the BC Games, are adequately funded, well-trained and received strong support

- The Board of Directors are leaders and representative of their community
- The recruitment of volunteers equals the number of participants attending
- Skilled and trained volunteers are a legacy to the community
- Online registration is tested by volunteers

Approximately one third of the over three thousand volunteers who dedicated themselves to the 2004 Games were volunteers at previous BC Games hosted by Port Alberni. Many were involved in all four BC Games.

Online volunteer registration was initiated and tested during the BC Winter Games with a full implementation for the 2004 BC Summer Games. Development of online participant registration and an online version of the Host Community Guidelines (including video streaming) are continuing with anticipated completion in the next fiscal year.



Partner Games Provide Opportunity

The BC Family of Games provides communities and athletes all over the Province with sport opportunities.

The Northern BC Winter Games hosted 1472 participants in Kitimat. From a population of 10,000 in Kitimat, 1067 volunteers helped to stage the Games.

"We had a great weekend! Comments received this far are positive with specific businesses reaping rewards from the large volume of people in our community. The Kitimat Board of Directors was an exceptional group however; your team from Victoria provided the necessary foundation and ongoing adjustments to meet the local Directors' needs. The expertise was appreciated."

Joe Iannarelli, Director of Recreation, District of Kitimat

Chilliwack hosted an extremely successful BC Seniors Games as 2705 participants took to the fields and track in a festival for age 55 and over athletes.

Athletes with a Disability competed in Kelowna among their peers showcasing abilities in sport. The dedication and determination of the 649 athletes and coaches were lessons for all spectators and the 900 contributing volunteers.

"The BC Disability Games provide our junior athletes with a positive experience of competition and tournament play. Basketball skills are practiced but, it is the friendships developed that will last a lifetime."

Carrie Linegar, BC Wheelchair Basketball Society

The society recognized many years ago that budgetary control over expenditure is important to its ongoing fiscal responsibilities in order to meet strategic objectives in accordance with our defined mission statement. Early in each year, management prepares for approval by the Finance Committee, a budget covering a two-year period. Expenditures for fiscal 2003 / 04 accounting to $1,909,000 were $53,000 under budget.

While funded annually, the BC Games Society operates in a two-year fiscal cycle whereby the expenses are noticeably different. Fiscal year 2002 / 03 featured the larger BC Summer Games in Nanaimo involving a direct grant from this society of $580,000 and $470,000 in external transportation costs; having a vibrant business community provided strong investment at the local level thus providing a surplus return of $160,000 to the BC Games Society. The Port Alberni BC Winter Games in fiscal year 2003 / 04 were a smaller event in terms of participants and received a smaller grant of $530,000 with an additional $366,000 being spent on participant travel. Recognizing the smaller size of the community and the economic realities, it is estimated a surplus back to the BC Games Society will be in the order of $70,000. Additional grants and operating costs of $170,000 are attributed to the Northern BC Winter Games, the BC Disability Games and the BC Seniors Games through our Partnership Agreements with each of those parent societies. No surplus returns are provided the BC Games Society from any of these BC Games but are made directly to their respective parent society.

BC has the most aggressive multi-sport campaign in the country, having four multi-sport Games each fiscal year. Saturation of available communities to host, volunteer burnout and fiscal sustainability are factors the BC Games Society must consider as we move ahead. Rising fuel costs impact our budget, as staff must travel to each of any ten communities currently involved in BC Games. The provision of travel to our summer and winter participants is vital to the overall success as society paid travel ensures attendance from all eight zones; recent increases in fuel prices and media projections for those increases to continue, impact greatly on our budget at a time when we do not expect any additional public dollars into our society. Our accumulated surplus is our safeguard if the BC Games are to continue being Games for the entire province as travel to the corners of the province adds significantly to our costs. A review of the frequency of all five BC Games must also take place to address the issues mentioned above.

Technology continues to be an ally of the BC Games Society as we move our systems and written materials for volunteers online. By offering our operating systems to third party users, we can gain revenue from our required investment in our society-developed enabling software.

Changes continue to impact the BC Games Society with the move in January 2004 from the Honourable George Abbott to Minister John Les as the Minister responsible for Sport. Formerly under the Community Aboriginal and Women's Services portfolio, we now report under the banner of Small Business and Economic Development. As of April 1, 2004 funding to the BC Games Society is no longer through the ministry but comes through an agreement with 2010 LegaciesNow. The 2010 LegaciesNow Society is a commitment to province-wide sport development that will help put athletes on the podium and leave a lasting legacy for all of BC.

Management Discussion and Analysis

STAFFING

The BC Games Society operates with a staff of nine full time employees. During peak times, we access temporary part-time staff of up to ten for a period of two days. From time to time, we also access independent contractors for work relating to Board governance, staff professional development or administrative support.

The financial statements of the BC Games Society have been prepared for management in accordance with Canadian generally accepted accounting principles. The financial statements present fairly the financial position of the society as at March 31, 2004 and the results of its operations.

Management is responsible for the integrity of the financial statements and has established policies as conveyed by the Auditor General of British Columbia regarding internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records properly maintained to facilitate the preparation of reliable financial statements in a timely manner. Inherent to the concept of reasonable assurance is the recognition that there are limits in all internal control systems and that system costs should not exceed the expected benefits.

Kelly Mann
President and CEO

Gordon Hutcheson, FCA
Accountant

BC GAMES SOCIETY
AUDITORS' REPORT
YEAR ENDED MARCH 31, 2004

To: The Board of Directors of the BC Games Society

We have audited the statement of financial position of the BC Games Society as at March 31, 2004 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2004 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

MANTELL DICKSON BLADES and WISEMAN

Victoria, BC
April 29, 2004
Chartered Accountants

BC GAMES SOCIETY
STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2004

	2004 $	2003 $
ASSETS		
CURRENT		
Cash and cash equivalents	1,048,683	750,361
Receivables	40,967	182,971
Inventory	5,978	-
Prepaids	1,409	1,295
	1,097,037	934,627
CAPITAL ASSETS (Note 3)	115,166	33,474
	1,212,203	968,101
LIABILITIES		
CURRENT		
Payables and accruals	257,745	44,574
Deferred funding (Note 12)	-	26,795
	257,745	71,369
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	115,166	33,474
INTERNALLY RESTRICTED FUNDS	30,744	135,000
UNRESTRICTED NET ASSETS	808,548	728,258
	954,458	896,732
	1,212,203	968,101

COMMITMENTS (Note 5)
CONTINGENT LIABILITY (Note 6)

See accompanying notes

BC GAMES SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2004

	2004 $	2003 $

CURRENT YEAR (2004)

	Investment in Capital Assets $	Internally Restricted Team BC $	Internally Restricted Funds (Note 7) $	Unrestricted Operations $	2004 Total $
NET ASSETS, beginning of year	33,474	135,000	728,258	896,732	
EXCESS OF REVENUE OVER EXPENSES		-	-	57,726	57,726
INTER-FUND TRANSFERS	-	(8,061)	8,061	-	
AMORTIZATION OF CAPITAL ASSETS	(24,503)	-	24,503	-	
INVESTMENT IN CAPITAL ASSETS		106,195	(96,195)	(10,000)	-
NET ASSETS, end of year		115,166	30,744	808,548	954,458

PRIOR YEAR (2003)

	Investment in Capital Assets $	Internally Restricted Team BC $	Internally Restricted Funds (Note 7) $	Unrestricted Operations $	2003 Total $
NET ASSETS, beginning of year	47,975	26,795	-	611,237	686,007
EXCESS OF REVENUE OVER EXPENSES	-	-	-	237,520	237,520
TRANSFERRED TO DEFERRED FUNDING	-	(26,795)	-	-	(26,795)
TRANSFERRED TO INTERNALLY RESTRICTED FUNDS	-	-	135,000	(135,000)	-
AMORTIZATION OF CAPITAL ASSETS	(25,853)	-	-	25,853	-
INVESTMENT IN CAPITAL ASSETS	11,352	-	-	(11,352)	-
NET ASSETS, end of year	33,474	-	135,000	728,258	896,732

See accompanying notes

BC GAMES SOCIETY
STATEMENT OF GENERAL OPERATIONS
YEAR ENDED MARCH 31, 2004

	2004 $	2003 $
REVENUE		
Grants - Province of British Columbia	1,832,000	1,832,000
Funding partners (Note 10)	-50,000	
Souvenirs	6,927	8,886
Contractual revenues, net (Note 13)	8,089	11,219
Seniors Games contribution	-	25,000
Athlete registration	68,054	123,258
Interest earned	51,707	33,456
	1,966,777	2,083,819
EXPENSES		
Salaries and employee benefits	537,064	532,029
Travel and accommodations	57,706	46,176
Professional services	31,603	21,388
Computer maintenance	5,000	1,388
Office and business expenses	72,911	59,446
Advertising and publications	50,442	40,953
Insurance, leases and utilities	105,287	102,200
Games operating costs	379,535	481,830
Amortization	24,503	25,853
Operating grants, less returns	645,000	535,036
	1,909,051	1,846,299
EXCESS OF REVENUE OVER EXPENSES	57,726	237,520

See Schedules 1, 2 and 3 for Schedule of Expenses

See accompanying notes

BC GAMES SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2004

	2004 $	2003 $
CASH FLOW DERIVED FROM (APPLIED TO)		
Operating		
Excess of revenue over expenses	57,726	237,520
Amortization	24,503	25,853
	82,229	263,373
Changes in non-cash operating working capital		
Receivables	142,004	(148,159)
Inventory	(5,978)	-
Prepaids	(114)	773
Payables and accruals	213,171	(190,720)
Deferred funding	(26,795)	-
	404,517	(74,733)
Investing		
Purchase of bedding and equipment, less sales	(96,195)	(3,602)
Software development	(10,000)	(7,750)
	(106,195)	(11,352)
NET INCREASE (DECREASE) IN CASH	298,322	(86,085)
CASH, beginning of year	750,361	836,446
CASH, end of year	1,048,683	750,361

See accompanying notes

Financial Statements

BC GAMES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

1. STATEMENT OF PURPOSE

The Society was incorporated under the Society Act on June 26, 1987. Currently, the purpose of the Society is to provide event management leadership to achieve sport, individual and community development.

Approximately 94% of the Society's revenues are received from the Province of BC with the remainder generated by corporate sponsors, surpluses from host societies, athlete registration fees, contract service and interest.

The Northern BC Winter Games, the BC Winter Games, the BC Disability Games, the BC Summer Games and the BC Seniors Games are planned and operated by societies incorporated in the host community for each event. These financial statements do not reflect the revenues and expenditures of the local societies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The term "Society" is used to mean the BC Games Society.

(a) Capital Assets

Amortization is calculated on a straight-line basis over the asset's estimated useful economic life, as follows:

Computer and general application software	3 years
Registration programs and computer cabling	5 years
Bedding, flags and signs for host societies	7 years
Furniture and equipment	10 years
Trademarks	20 years
Leaseholds	over the term of the lease

In the year of purchase capital assets are amortized at half their normal rates.

(b) Revenue Recognition

The Society follows the deferral method of accounting for Grants and Contributions received, whereby revenues are matched with expenses. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable.

Donated or discounted goods and services are recorded at the amount of cash consideration.

Receipt of surplus from Summer and Winter Games Societies is recorded at the earlier of cash receipt and final determination of the amount of the surplus.

BC GAMES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Measurement Uncertainty and the Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates.

(d) Provincial Contributions

The financial statements do not reflect certain administrative expenses incurred and paid directly by the Province of British Columbia in the delivery of the games.

(e) Legacy Funds - Host Communities

Host communities retain 100% of profits from souvenir sales and 50% of their operating surplus, if any, and all interest earned as part of their legacy fund.

(f) Grants to Host Societies

Grants to host societies are recorded as an expense when disbursements of funds has been authorized.

Financial Statements

BC GAMES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

4. SURPLUS FROM HOST SOCIETIES
Surplus from the host societies is comprised of:

	2004 $	2003 $
Nanaimo 2002 Summer Games Society	-	159,997
Williams Lake 2002 Winter Games Society	-	59,967
	-	219,964

The surplus, if any, from Port Alberni Winter Games Society has not been determined prior to the fiscal year end, therefore it will be included in the 2005 fiscal year.

5. COMMITMENTS
The Society has commitments arising from contractual agreements for office equipment, television advertising, employment services, and a lease for office premises. The Society is also committed to provide funding to host societies for staging of events scheduled during the years.

General Commitments
Minimum annual commitments in each of the next five fiscal years are as follows:

	Total $
2005	180,200
2006	35,300
2007	9,500
2008	4,700
2009	-
	229,700

Financial Statements

BC GAMES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

Host Society Commitments

	2005 $	2006 $	2007 $	2008 $	
2005 to 2008					
BC Seniors Games	110,000	110,000	110,000	-	
BC Disability Games	35,000	110,000	110,000	-	
Northern BC Winter Games	110,000	110,000	110,000	-	
Abbotsford Summer Games Society	550,000	-	-	-	
Greater Trail Winter Games Society	50,000	450,000	-	-	
Kamloops Summer Games Society	-	50,000	550,000	-	
Winter Games – 2008	-	-	50,000	450,000	
	855,000	830,000	930,000	450,000	3,065,000

Currently there are no host society commitments beyond 2008.

Total five year commitments	3,294,700

Financial Statements

BC GAMES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

6. CONTINGENT LIABILITIES

The Society has been named as a party to a lawsuit related to injuries sustained by a volunteer of the Nanaimo 2002 Summer Games. As the outcome is not yet determined, no provision has been made to the accounts with respect to this matter.

Canada Revenue Agency has proposed an audit adjustment related to the Williams Lake 2002 Winter Games GST return. As the final outcome has not been determined, no provision has been made with respect to any potential liability.

7. INTERNALLY RESTRICTED FUNDS

The Society allocated $135,000 of the surplus for the year ended March 31, 2003, for future use for foam mattresses, computer equipment and other office equipment and a provision for a claim against the Society as detailed in Note 6.

8. RELATED PARTY TRANSACTIONS

The Society is economically dependent on the receipt of funding from the Province of British Columbia. Early in each fiscal year the annual funding for the Province is paid to the Society to cover the operating cost for that year. The use of the funds is governed by the Agreement for Financial Assistance signed by both parties.
During the fiscal year, the Society received funding of $1,832,000 from the Province. These funds are held in trust by the Province in short-term securities with interest being credited to the Society each month.
Details of transactions are as follows:

	2004 $	2003 $
Grant received	1,832,000	1,832,000
Interest earned	51,707	33,456
Balance in the Investment Trust Account at year end (included in cash equivalents on the Statement of Financial Position)	1,021,156	739,249
Deferred funding (Note 12)	-	26,795

9. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash and cash equivalents, receivables, payable and accruals. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Financial Statements

BC GAMES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

10. REVENUES FROM FUNDING PARTNERS CONSIST OF:

	2004 $	2003 $
Quality Foods	-	50,000

11. REGISTRATION SOFTWARE

The Society has signed a contract with Viewpoint Technologies Ltd. who have agreed to develop, enhance and sell rights to the Society Registration Software.

12. DEFERRED FUNDING

Specific grants from the Province of British Columbia and other revenues were designated for a project which was concluded in 2002. The remaining surplus amounting to $26,795 was retained on the request of the Ministry of Community, Aboriginal and Women's Services to be accounted as an advance against the 2003/2004 Ministry Grant from the Province of British Columbia.

13. CONTRACTUAL REVENUES, NET

	2004 $	2003 $
Consists of:		
Grants received from Legacies Now Society	2,889	34,494
Paid to BC Seniors, Northern and Disability Games	-	(3,000)
Contract fees incurred	(2,263)	(20,475)
	626	11,019
Other revenues	7,463	200
	8,089	11,219

BRITISH COLUMBIA

Ministry of Small Business and Economic Development

Honourable John Les, Minister

BC Games Society
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